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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Mission in Ethiopia and Eritrea

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Mission in Ethiopia and Eritrea

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Mission in Ethiopia and Eritrea (UNMEE) for the period from 1 July 2001 to 30 June 2002 (A/57/672) and the proposed budget for the Mission for the period from 1 July 2003 to 30 June 2004 (A/57/673). During its consideration of the reports, the Committee met with representatives of the Secretary-General, as well as with the Chief Administrative Officer of the Mission, who provided additional information and clarifications.

2. The Security Council established UNMEE by its resolution 1312 (2000) of 31 July 2000 for an initial period of six months. In paragraph 2 of its resolution 1320 (2000) of 15 September 2000, the Council authorized the deployment, within UNMEE, of up to 4,200 troops, including up to 220 military observers. The mandate of the Mission was adjusted by the Council in its resolution 1430 (2002) of 14 August 2002 to include demining to support demarcation and logistical and administrative support for the field offices of the Boundary Commission. The mandate has been extended by the Council in various resolutions, the latest of which was resolution 1466 (2003) of 14 March 2003.

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I. Financial performance report for the period from 1 July 2001 to 30 June 2002

3. On the recommendation of the Advisory Committee, the General Assembly, in its resolution 56/250 A of 24 December 2001, appropriated an amount of $200,279,308 gross ($196,227,505 net) for the maintenance of the Mission for the period from 1 July 2001 to 30 June 2002, inclusive of the amount of $1,879,308 gross ($1,737,605 net) for the support account for peacekeeping operations, in addition to the amount of $5,444,104 gross ($4,777,737 net) already appropriated for the support account, and the amount of $568,706 gross ($510,695 net) already appropriated by the Assembly in its resolution 55/252 B of 14 June 2001 for the United Nations Logistics Base at Brindisi, Italy, inclusive of the amount of $90 million gross ($88,933,450 net) authorized by the Assembly in resolution 55/252 B.

4. As indicated in the report of the Secretary-General on the financial performance of UNMEE (A/57/672, sect. II.A), expenditures for the period totalled $185,007,700 gross ($181,499,800 net). The resulting unencumbered balance of $13,392,300 gross ($12,990,100 net) represents, in gross terms, 6.8 per cent of the appropriation. The Advisory Committee was informed that the unutilized balance was primarily attributable to the lower than budgeted travel cost per military observer/contingent, a higher than budgeted vacancy rate for international staff (14 per cent, as compared to the budgeted vacancy factor of 10 per cent) and savings under facilities and infrastructure resulting from the acquisition of equipment from existing Field Administration and Logistics Division reserve stock.

5. The Advisory Committee recalls that the original budget proposal for the 2001/02 period (see A/56/610) estimated requirements at $208,879,800 gross. The Committee, in its report on the proposed budget (A/56/661, para. 28), recommended appropriation of the amount of $198.4 million gross, or a reduction of $10.5 million, which, as mentioned above, was approved by the General Assembly in its resolution 56/250 A. That reduction, taken together with the underexpenditure of $13.4 million for the period, points to a need for more realistic budget estimates.

6. The Advisory Committee notes from section II.B of the performance report that a total of $10,547,000 is indicated for other income and adjustments for the period, comprising $3,601,000 in interest income, $390,000 for other/miscellaneous income and $6,556,000 in savings on or cancellation of prior period obligations. **The latter figure is high; future reports should include an explanation of such adjustments.**

7. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period 1 July 2003 to 30 June 2004 in the paragraphs below (see also the comments of the Committee on presentation in A/57/772).

II. Information on performance for the current period

8. The Advisory Committee was informed that, as at 28 February 2003, a total of $525,500,200 had been assessed on Member States in respect of UNMEE since its inception. Payments received as at the same date amounted to $443,312,200, leaving an outstanding balance of $82,188,000. As at 31 December 2002, the cash position of the Mission was $78,300,000, and unliquidated obligations for the period from 1 July 2001 to 30 June 2002 amounted to $23,783,800.

9. The Advisory Committee was informed that troop/formed police cost reimbursement up to 31 December 2003 totalled $100,696,200, while the amount owed for the period from 1 January 2003 to 28 February 2003 was $8,760,000. With regard to contingent-owned equipment, the Committee was informed that, as at 28 February 2003, an amount of $37,337,000 had been reimbursed and the estimated amount owed was $75,667,200, while unliquidated obligations totalled $51,837,800 (see also para. 22 below). In respect of death and disability compensation, $100,000 had been paid as at 28 February 2003 for two claims, two claims were pending and unliquidated obligations amounted to $3,127.

10. The Advisory Committee was informed that, as at 28 February 2003, the incumbency for UNMEE for the period from 1 July 2002 to 30 June 2003 was as follows:

	Authorized	*Encumbered*
Military observers	220	207
Military contingents	3 980	3 870
International staff	259	231
National staff	274	267
United Nations Volunteers	82	81

11. The Advisory Committee was provided with expenditure data for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003 (see annex I). Expenditure for the period amounted to $165,562,400 gross ($163,051,100 net) against an apportionment of $220,830,200 gross ($216,814,800 net).

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

A. Mandate and planned results

12. **In the opinion of the Advisory Committee, the attempt in both the performance report for the period from 1 July 2001 to 30 June 2002 (A/57/672) and the proposed budget for the period from 1 July 2003 to 30 June 2004 (A/57/673) to have a uniform framework for all missions comprising three or four components has led to some anomalies in the presentation for UNMEE.** The Committee questions, for example, the rationale of including activities for internally displaced persons, public information programmes, mine clearance, human rights programmes and quick impact projects under the political component.

The Committee has commented on this issue in its general report on peacekeeping operations (A/57/772).

13. In this connection, the Advisory Committee draws attention to reports of the Secretary-General to the Security Council in which subjects such as human rights, mine action, public information and the Boundary Commission are clearly discussed separately (see, for example, S/2002/977 and S/2002/1393). Furthermore, the treatment of these programmes under the political and military components in the budget document is not clear. **Accordingly, the Committee recommends that the contents of the components be reorganized. It may be essential for some missions, depending on their mandate, to have additional components.**

14. Upon enquiry, the Advisory Committee was informed that the output data shown in the proposed budget under the support component, which are mainly presented in the past tense, were based on experience since the conclusion of the financial period ending 30 June 2002, and, furthermore, that the data changed from time to time depending on the needs of the Mission. Under such circumstances, the output data contained in the proposed budget has limited value to the Committee in its examination of the estimates. **The Committee recommends that the Secretariat address this weakness in the supplementary information it provides to the Committee. It is essential that the resources requested for support activities be more fully and clearly justified than has been done in the present submission.**

B. Resource requirements

15. As indicated in the report of the Secretary-General on the proposed budget of UNMEE (A/57/673, sect. II.A.1), the cost of maintaining the Mission for the period from 1 July 2003 to 30 June 2004 is estimated at $198,355,200 gross ($194,522,700 net). This amount represents a 10.2 per cent decrease ($22,475,000) in gross terms in relation to the apportionment for the period from 1 July 2002 to 30 June 2003, and reflects decreases of $2,450,700, or 2.6 per cent, in military and police personnel; $4,938,300, or 14.9 per cent, in civilian personnel; and $15,086,100, or 16.2 per cent, in operational costs.

1. Military and police personnel

16. The estimated requirements for military and police personnel for the period from 1 July 2003 to 30 June 2004 amount to $92.2 million, which represents a reduction of $2.5 million in comparison with the apportionment for the current period from 1 July 2002 to 30 June 2003. The estimates provide for 220 military observers and 3,980 military contingent personnel. There is thus no change over the current period in the number of military personnel provided for.

17. The Advisory Committee notes that the expenditure for military personnel shown in the performance report for the period ending 30 June 2002 amounted to $83.7 million against an apportionment of $87.7 million. The Committee notes the explanation for the underexpenditure provided in the performance report (A/57/672, paras. 5 and 6) that the decrease in requirements was primarily due to lower than budgeted travel requirements, together with savings under mission subsistence allowance. From the supplementary information provided to it, the Committee understands that delayed deployment of military personnel also contributed to the underexpenditure for this item. **The Committee requests that, in future, it be**

provided with a fuller explanation of the reasons behind such underexpenditures.

18. As can be seen from paragraph 10 above, the Mission continues to experience less than full incumbency. **The Committee therefore questions, as it has done for this Mission previously (see A/56/887/Add.9, para. 26), the assumption of 100 per cent incumbency for such personnel.**

19. Upon enquiry, the Advisory Committee was informed that of the 127 staff officers authorized for the Mission, there was a total of 109 officers in the Mission as of 31 December 2002. Recreational and daily allowances are paid directly to these officers, as they are to contingent personnel. The cost treatment for the officers is in accordance with memorandums of understanding signed with the troop-contributing countries. With regard to the review of the issue of reimbursement to Governments for services of headquarters staff officers mentioned in the previous report of the Committee (A/56/661, para. 21), it was informed that the Organization now provides accommodation facilities and has made catering arrangements for the meals of such officers.

20. With regard to travel of military observers, the supplementary information provided to the Advisory Committee indicated that reduced requirements for the performance period 1 July 2001 to 30 June 2002 were largely due to the lower than budgeted cost of travel ($2,030 per observer as compared to the budgeted $3,375). Regarding estimates for 2003-2004, the Committee was informed that decreased requirements resulted from anticipated lower cost per military observer ($4,100) in comparison with that budgeted for the current period ($8,200). Upon enquiry as to the reason for the large variances in travel costs for military personnel, the Committee was informed that the figures for 2001/02 referred to one-way travel. Thus the estimate of $4,100 per round trip for 2003/04 takes into account performance experience for 2001/02, when the actual round trip expenditure amounted to $4,060. The Committee points out, however, that for 2001/02, $6,750 round trip per observer was budgeted, while actual expenditure amounted to $4,060. **In the opinion of the Committee, such wide gaps between estimates and actual expenditure indicate a need to re-examine the costing method for this item.**

21. With regard to contingent-owned equipment, the Advisory Committee notes from the performance report (A/57/672, sect. II.C) that expenditure for the period ending 30 June 2002 amounted to $35.9 million. Upon request, the Committee was provided with details concerning assistance provided by UNMEE to troop-contributing countries (see annex II). In that connection, the Committee recalls the concerns it expressed in its report of 5 April 2002 regarding timely modification of memorandums of understanding to reflect instances where the United Nations had taken over functions that contingents had been expected to provide themselves as well as to reflect the administrative workload involved in monitoring and tracking the expenditure for that assistance (A/56/887/Add.9, paras. 9-12). The Committee also recalls the concerns it expressed in its general report on peacekeeping operations of 5 April 2002 (A/56/887, paras. 33-35) regarding what it considered to be serious flaws in the arrangements for contingent-owned equipment. The Committee concluded that particular attention should be given to the inspection and verification process and that consideration should be given to improving arrangements for reimbursement.

22. In connection with reimbursement for contingent-owned equipment, the Advisory Committee was provided with the following additional information:

United Nations Mission in Ethiopia and Eritrea: contingent-owned equipment and self-sustainment as at 28 February 2003

Year	*Apportionment*	*Estimated amount owed*	*Payments (reimbursed)*	*Unliquidated obligations*	*Claims or accounts payable*
2000-2001	15 691 600	21 546 500	15 559 641	112 800	-
2001-2002	35 899 400	31 558 000	21 777 359	12 969 100	14 600
2002-2003	38 756 000	22 562 700	-	38 756 000	-
Total	**90 347 000**	**75 667 200**	**37 337 000**	**51 837 900**	**14 600**

In the opinion of the Committee, the process of certification before payment takes an inordinate amount of time (see also the comments of the Committee in its general report on peacekeeping operations (A/57/772) and of the Board of Auditors (A/57/5, vol. II, paras. 47-69)). As noted in paragraph 8 above, the cash position of the Mission, at $78.3 million, is good. There should therefore be no delays in reimbursing for troop costs and contingent-owned equipment, provided the certification process has been completed.

Boundary Commission

23. The Advisory Committee notes that the report of the Secretary-General on the proposed budget does not clearly spell out the budgetary implications of the decision of the Security Council, in its resolution 1430 (2002), to adjust the mandate of UNMEE to provide assistance to the Boundary Commission in the orderly implementation of its delimitation decision, including: (a) demining in key areas to support demarcation; and (b) administrative and logistical support for the field offices of the Boundary Commission. In this connection, the Committee recalls paragraph 31 of its report of 5 April 2002 (A/56/887/Add.9), in which it requested that the next budget estimate provide information on the role of UNMEE in the demarcation process, if any, including the cost of assistance to be provided. The Committee notes that assistance would be provided in accordance with the procedure outlined by the Secretary-General in his report of 10 July 2002 (S/2002/744, paras. 13, 14 and 17).

24. Upon enquiry, the Advisory Committee was informed that, as at 31 December 2002, $10,240,503 had been contributed to the United Nations Trust Fund for Delimitation and Demarcation of the Border; as at the same date, expenditures incurred amounted to $2.7 million. Upon request, the Committee was provided with additional information concerning reimbursable support provided by UNMEE to the Boundary Commission (see annex III).

2. Civilian personnel

25. The estimated requirements for civilian personnel for 2003/04, which provide for 256 international staff, 282 national staff and 88 United Nations Volunteers, amount to $28,314,900, a decrease of $4,938,300, or 14.9 per cent, in comparison

with the apportionment for 2002/03. The Advisory Committee was informed that the estimates take into account a 10 per cent vacancy factor for international staff, 5 per cent for national staff and zero per cent for United Nations Volunteers.

26. The performance report (A/57/672) shows an underexpenditure of $3.9 million for civilian personnel. The reasons for the underexpenditure are explained in general terms in paragraphs 7 to 9 of the report, and include recruitment delays and the filling of posts at lower than authorized grade levels.

27. The Advisory Committee notes from the additional information provided to it that, for the period from1 July 2001 to 30 June 2002, the average vacancy rates were as follows: for Professional and higher level staff, 16 per cent; for General Service staff, 13 per cent; and for national staff, 7 per cent. Out of a total of 613 authorized posts, the average incumbency was 515, or a 16 per cent average vacancy.

28. While visiting UNMEE in June 2002, the Advisory Committee was informed that many posts in the Mission were vacant, particularly in the administrative and support services. The Committee was also informed that the electronic data-processing area was 20 per cent understaffed and that procurement had been understaffed since November 2001, in addition to which the Chief of Procurement had just left and the officer-in-charge was going to be transferred to the Economic Commission for Africa. Other departures or transfers included the Chiefs of Security and the Contract Management and Contingent-Owned Equipment Unit. The Committee was also informed by the Chief Administrative Officer that it had taken one year to recruit a claims officer. In this connection, the Committee recalls the remarks contained in the report of the Board of Auditors (A/57/5, vol. II, para. 175), in noting that the persistent level of turnover and of lack of managers at UNMEE exposed it to the risk of errors and non-compliance with established rules.

29. Upon request for clarification concerning delegation of authority for recruitment, the Advisory Committee was informed that delegation of authority to initiate recruitment of substantive staff had been granted, on a pilot project basis, to two missions with high volume of staff, namely the United Nations Mission of Support in East Timor (UNMISET) and the United Nations Interim Administration Mission in Kosovo (UNMIK). Pending review of the results of the pilot project, limited delegation of recruitment up to certain levels of staff would be considered on a mission-by-mission basis. Currently, there is no delegation of authority accorded to UNMEE for recruitment of staff.

30. **On the basis of the information given to the Advisory Committee when it visited the Mission, the Committee concludes that, even when posts are provided to missions, recruitment delays and departures lead to understaffing of mission units. Missions need to plan and manage more carefully the departure of staff, particularly heads of services, including preparation of handing over notes. It is poor management to allow staff in critical services to leave missions before ascertaining whether they can be replaced promptly. There should be more collaboration between the missions and Headquarters on this important issue.**

31. A net increase of 11 posts is proposed for 2003/04, from 615 to 626 posts. The proposed changes in staffing reflect: (a) a decrease of three international posts (1 P-4, 1 P-3 and 1 General Service (Other level)) in the office of the Resident Auditor, the costs of which are to be transferred to the support account for

peacekeeping operations; (b) the net increase of eight national posts; and (c) an increase of six United Nations Volunteers to augment the Public Information Office radio dissemination activities.

32. **Taking into account what has been stated above, the Advisory Committee does not believe that it is necessary to add to the staffing table in order to accommodate the functions for which new posts have been requested. The Committee is of the opinion that a number of these functions could be accommodated within the existing staffing table of 615. Instead of requesting additional national posts for outreach programmes and Volunteers for public information, efforts should be made to deploy existing vacant national posts, if possible, or to convert vacant international posts, including General Service posts, into national and Volunteer positions.**

33. Upon request, the Advisory Committee was provided with a statement concerning the question of further downsizing of the Mission (see annex IV). The Committee notes, as indicated in the report of the Secretary-General of 20 December 2002 (see S/2002/1393, para. 9), that the Boundary Commission has promulgated a time frame for demarcation activities. From the statement provided to it, the Committee notes that demarcation is to be completed by November 2003. In this connection, the Committee notes that the Security Council, by its resolution 1466 (2003), decided to extend the mandate of UNMEE to 15 September 2003, to review frequently the progress made by the parties in the implementation of their commitments pursuant to the Algiers Agreements and to review any implications for UNMEE.

3. Operational requirements

34. Operational requirements for the period from 1 July 2003 to 30 June 2004 are estimated at $77.8 million, a reduction of $15.1 million, or 16.2 per cent, as compared with the apportionment for the current period.

35. The Advisory Committee notes from the performance report (A/57/672, sect. II.A) that expenditures for the period totalled $73.6 million, reflecting an underexpenditure of $5.5 million. The explanations for the underexpenditure are provided in paragraphs 10 to 18 of the performance report. **In future, information should be provided to the Committee on budget variances that are related, inter alia, to management action to increase efficiency and productivity or to strengthen internal controls, as against budget variances due, among other things, to technical adjustments, such as those related to vacancies and delayed deployments.**

Official travel

36. The estimate for official travel for 2003/04, as shown in the proposed budget (A/57/673, sect. II.A.1) amounts to $917,400, an increase of $105,600 over the amount of $811,800 apportioned for 2002/03. The performance report for the period ending 30 June 2002 shows expenditure for official travel for the period in the amount of $926,100, reflecting an increase of $414,500 over the apportionment of $511,600. The Advisory Committee notes from the additional information provided to it that included in the estimated requirement of $917,400 for 2003/04 is an amount of $317,000 for official travel for training. A separate amount of $551,000 is requested to train 307 staff.

37. The reason given for the increased requirements for official travel for 2003/04, as stated in paragraph 13 of the proposed budget, is misleading. While paragraph 13 states that increased requirements result from "planned additional travel for substantive and administrative support in relation to the consolidation of the peace process and training for the enhancement of the competencies of the staff in technology", it is clear to the Advisory Committee from the more detailed information provided to it that the bulk of official travel resources is for training and management purposes. Political consultations and travel within the Mission area account for only $316,000.

38. **As expressed in its general report on peacekeeping operations (see A/57/772), the Advisory Committee is of the view that it is not enough to justify travel for management and training purposes as being necessary to increase efficiency and effectiveness. There must be a specific purpose for such travel leading to a measurable result in fulfilling stated objectives. Moreover, it can be presumed that as staff become trained they would need less supervision in the carrying out of their tasks, thus requiring less travel for this purpose by senior officials. It should also be possible to reduce travel through increased use of technology and by training trainers for some of the services of the Mission, as recommended by the Committee in its report of 5 April 2002 (A/56/887/Add.9, para. 36).**

39. With regard to within Mission travel, the Advisory Committee was informed that UNMEE is taking measures to reduce costs, such as providing transit accommodations at sector headquarters and providing meals for military personnel, thus reducing mission subsistence allowance costs. **The Committee commends these efforts.**

40. **Taking into account its comments in the paragraphs above, the Advisory Committee recommends approval of an amount of $850,000 for official travel, a reduction of $67,400 from the requested amount of $917,400.**

Facilities and infrastructure

41. **The Advisory Committee requests the Department of Peacekeeping Operations to review procedures for providing hard wall accommodations for troops, allowing for the use of local supplies, which are often better suited to local conditions, more readily obtainable and less expensive.**

42. **The Advisory Committee requests that the next budget submission include information regarding possible uses for UNMEE premises following liquidation of the Mission.**

Air transportation

43. The estimate for air transportation for the period ending 30 June 2004 amounts to $23,111,100, a decrease of $4.8 million in relation to the apportionment for the current period. An explanation of the variance is given in paragraph 16 of the proposed budget. The Committee notes that during 2001/02 the Mission had a fleet of 19 aircraft, which was reduced in the current period by two HS-500 helicopters for a total of 17 aircraft. For 2003/04, the estimates provide for a fleet of 15 aircraft, the total being reduced by two P-166 fixed-wing aircraft, which are no longer required for aerial photography.

44. The Advisory Committee notes from the additional information provided to it that of the planned 4,104 flying hours for fixed-wing aircraft for the period ending 30 June 2002, only 1,947 were actually flown; of the 8,604 hours planned for helicopters, 6,624 were flown. In this connection, the Committee recalls its comment in its report of 5 April 2002 (A/56/887/Add.9, para. 13) that large variances in the number of hours flown as compared with the number budgeted should be explained and that an indication should be given in subsequent budget estimates as to how patterns in the number of hours flown are taken into account in the preparation of the estimates.

45. The Advisory Committee was informed that, at the end of 2002, the Government of Italy had decided to withdraw the aviation unit serving with UNMEE (2 Bell 212 helicopters and 1 G-222 aircraft). The G-222 had been replaced with a commercially contracted AN-26. Upon enquiry, the Advisory Committee was informed that the cost of the G-222 aircraft on a letter-of-assist arrangement with the Government of Italy was $513 per hour, whereas the hourly cost of the commercially contracted AN-26 was $268 per hour. **The Committee welcomes the replacement and the consequent savings to the Mission.**

46. In its discussions with the representatives of the Secretary-General concerning the composition of the Mission's aircraft fleet, the Advisory Committee questioned the rationale for the operation by the Mission of two Bell 212 helicopters, which are stationed in Asmara, in view of the presence also of seven MI-8 helicopters capable of long-range casualty and medical evacuation, as well as the AS 330 Puma helicopter stationed in Djibouti. The Committee was informed that the seven MI-8 helicopters were for daytime use and that 161 medical evacuations had been carried out in the last two years, of which 32 were carried out at night. Of those 32 evacuations, 13 were performed using the Bell-212 helicopters. The Committee was informed that medical evacuations are also performed using the executive jet. **Accordingly, the Advisory Committee requests that the Mission review the need for a second Bell 212 helicopter. Pending such a review, the Committee recommends that the estimated requirements for air operations be reduced by $733,000, representing the cost of operation of one Bell 212 helicopter for one year.**

47. The Advisory Committee recalls its previous recommendation that arrangements should be in place to ensure appropriate and timely reimbursement for air support services provided by missions to other partners in the mission area (see A/56/887, para. 66), as well as the recommendation by the Board of Auditors that the Department of Peacekeeping Operations recover costs for the transportation of non-mission personnel or cargo (A/57/5, vol. II, para. 88). The Committee notes from the additional information provided to it on performance for the period ending 30 June 2002 that only $25,800 had been reimbursed for support provided by the Mission to others. Upon enquiry, the Committee was informed that the $25,800 included telephone charges only and that the Department of Peacekeeping Operations had yet to provide the Mission with guidelines on how to implement the recovery policy.

48. **The Advisory Committee considers unsatisfactory the Department's reply to the above-mentioned recommendation of the Board that "in order to monitor the activities of missions with respect to the transportation of non-mission personnel or cargo, all missions have been directed to submit monthly**

reports" (A/57/5, vol. II, para. 89). It is not efficient for this matter to be reported on monthly to the Department. The field missions should have full authority to establish mechanisms for such reimbursements after receiving appropriate guidelines from the Department.

Training

49. The cost of training for the period from 1 July 2001 to 30 June 2002, $272,200, was indicated in the additional information provided to the Advisory Committee. The Committee notes that this figure is understated, as it does not include the cost of training-related travel ($231,300) or training supplies and equipment ($11,100), the addition of which would bring the total to $514,600. Similarly, while the cost for training for 2003/04 is estimated at $551,000, the addition of the estimates for training-related travel ($317,000) and training supplies and equipment ($1,000) brings the total to $869,000.

50. The Advisory Committee was informed that 58 of the 69 staff trained in the period ending 30 June 2002 were still with the Mission; the other 11 had either moved to other missions or had separated from service. **The Committee observes that in view of the procurement and property management deficiencies identified in the report of the Board of Auditors (see A/57/5, vol. II, paras. 120-122), greater attention should have been given to training and also retaining the procurement officers who have been trained.** From the performance information provided to the Committee for the period ending 30 June 2002, it appears that only nine staff members were trained in that area. Furthermore, the deficiency is not addressed in the training programme for 2003/04, which shows, out of the 307 staff to be trained, no provision for the training of procurement officers.

Communications and information technology

51. The estimate for communications and information technology for 2003/04, as shown in the proposed budget (A/57/673, sect. II.A.1), amounts to $11,561,500, a decrease of $1,112,300 over the apportionment for 2002/03. These are also the figures shown on table 14 of the overview report of the Secretary-General on the financing of the United Nations peacekeeping operations (A/57/723). The Advisory Committee points out that these figures are misleading, as they do not include staff costs or costs for transportation and freight of equipment. The Committee notes that the number of staff for communications and information technology is to remain at 75. Upon enquiry, the Committee was informed that in the estimates for 2003/04, freight charges of $59,100 were omitted from the estimated requirement of $943,200 for communications equipment; the freight charges are included, however, in the amount of $1,108,600 estimated for information technology equipment. The estimated requirements for procurement of communications and information technology equipment for 2003/04, including freight charges, total $2.1 million (see annex V).

52. The Advisory Committee notes that the current and approved inventory of the Mission consists of 1,234 desktop and laptop computers. The estimates for 2003/04 include proposals to replace 132 computers. The reasons for replacement are not adequately explained in either the proposed budget or the additional information provided to the Committee.

53. Upon request for a clarification of the need to replace 53 items under satellite equipment, the Advisory Committee was provided with a table detailing the estimated requirements (see annex VI). The need for the equipment has not been sufficiently justified.

54. **Taking into account its comments in the paragraphs above, the Advisory Committee is of the opinion that significant economies can be achieved in this area.**

Public information services

55. The proposed staffing of the public information offices in Asmara and Addis Ababa for 2003/04 totals 43. Upon enquiry, the Advisory Committee was informed that the estimated total cost of UNMEE public information activities in 2003/04, including the radio programme, would amount to $2,293,800. Upon request, a breakdown of public information activities for 2003/04 and their estimated related costs was provided to the Committee (see annex VII). **This information should be included in all future budget submissions.**

56. In previous reports, the Advisory Committee has called for the use of local facilities where they are available. The Committee notes from the report of the Secretary-General of 20 December 2002 (S/2002/1393, para. 26) that the Ethiopian Broadcasting Authority has agreed to air UNMEE programmes at a cost of approximately $54,419 per year. **The Committee recommends that the cost-effectiveness of this approach be explored.**

Quick impact projects

57. As shown in the performance report (A/57/672, sect. II.A), expenditure for quick impact projects amounted to $584,900 against the apportionment of $585,900. The Advisory Committee notes that, as of the current period, all projects are financed under the Trust Fund for the Peace Process.

58. The Advisory Committee questioned whether such ongoing projects could realistically be termed quick impact projects. It was informed that conditions often precluded speedy implementation. It was explained that many of the projects are carried out in the temporary security zone in remote places, where there is a lack of qualified personnel. In addition local regulations frequently slow project approval and implementation.

Miscellaneous supplies, services and equipment

59. The Advisory Committee notes the overexpenditure under miscellaneous claims and adjustments for the period ending 30 June 2002, which was, according to the additional information provided to the Committee, the result of claims for loss of land production owing to occupancy by UNMEE troop-contributing countries in Sector Centre. Expenditure amounted to $377,300 against an apportionment of $50,400. The Committee notes that the apportionment for this item for the current period and the proposed amount for 2003/04 remain at $50,400. Upon enquiry, the Committee was informed that this amount represented a contingency provision. As shown, actual amounts required were disproportionate to the contingency provided. **It is the opinion of the Committee that such contingency provisions are of**

minimal utility and that requirements that were not foreseen should be reported as such in the performance report.

60. The Advisory Committee notes the overexpenditure for 2001/02 under rations ($9,190,600 against the apportionment of $7,762,000) owing to the delayed establishment of the UNMEE water plant. Upon enquiry, it was explained that the first plant became operational in mid-October and the second in mid-November 2001. This, coupled with the need to build reserve stocks, necessitated the extension of the commercial water supply contract through March 2002. In the proposed budget for 2003/04, the estimate for rations is $8,063,200, a decrease of $1,206,500 as compared with the apportionment for the current period of $9,269,700. Upon enquiry as to why the reduction was not greater now that the Mission was self-sufficient, the Committee was informed that the costs for 2003/04 under rations reflected the greater deployment of troops in comparison with the period ended 30 June 2002 and the costs involved in delivery of bottled water, which were previously covered under the water supply contract.

61. The Advisory Committee welcomes the use of United Nations air assets, rather than commercially chartered aircraft, to transport equipment and supplies from the United Nations Logistics Base. The change has resulted in a reduction of $1,330,000 in the requirements for 2003/04 for freight and related costs, in comparison with the apportionment of $3,290,000 for 2002/03. The Committee was informed that such requirements could be accommodated from the flying hours provided for under air operations.

62. **The demining programme is important to the success of the activities of the Boundary Commission, yet the treatment of the programme in the documents before the Advisory Committee, including the role of the assessed budget, is not transparent. According to the additional information provided to the Committee, expenditures for demining services and supplies for 2001/02 amounted to $2.6 million. For 2003/04, the request is for $3.1 million, as compared to the apportioned amount for 2002/03 of $3 million. The basis of the request is not explained (see also para. 23 above).**

Resident auditors

63. With regard to resident audit and inspection, when it visited the Mission in June 2002, the Advisory Committee was informed of the value of the resident audit service. The Committee was also informed that, owing to the structure of the Mission, a greater number of staff is required to carry out the function than would normally be the case using present guidelines. The issue of resident inspectors is discussed in the context of the Committee's report on the support account for peacekeeping operations (A/57/776).

IV. Recommendations of the Advisory Committee

64. The action to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2001 to 30 June 2002 is indicated in the performance report (A/57/672, para. 19). **The Advisory Committee recommends that the unencumbered balance of $13,392,300, as well as interest and other income in the amount of $10,547,000, be credited to Member States in a manner to be determined by the Assembly.**

65. The action to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2003 to 30 June 2004 is indicated in paragraph 21 of the proposed budget (A/57/673). **In view of its comments above, as well as the persistent underexpenditures experienced by this Mission ($25,084,200 for 2000/01 and $10,547,000 for 2001/02), the Advisory Committee recommends that the estimated budget requirement of $198.4 million be reduced by $10 million, or approximately 5 per cent. Accordingly, the Committee recommends that the General Assembly appropriate an amount of $188.4 million gross ($184.5 million net), and that the amount be assessed at a monthly rate of $15,700,000 gross ($15,375,000 net). The Committee believes this reduction to be conservative, given the pattern of expenditure for the current period as shown in annex I to the present report.**

Annex I

United Nations Mission in Ethiopia and Eritrea: status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment* (1)	*Expenditure* (2)	*Unencumbered balance* (3)=(1)-(2)
I. Military and police personnel			
Military observers	8 360.0	4 484.1	3 875.9
Military contingents	86 328.0	82 107.8	4 220.2
Civilian police	-	-	-
Formed police units	-	-	-
Subtotal, line 1	**94 688.0**	**86 591.9**	**8 096.1**
II. Civilian personnel			
International staff	29 533.6	18 075.6	11 458.0
National staff	1 301.6	671.5	630.1
United Nations volunteers	2 418.0	1 351.1	1 066.9
Subtotal, line 2	**33 253.2**	**20 098.2**	**13 155.0**
III. Operational costs			
General temporary assistance	-	-	-
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	-	-
Official travel	811.8	811.0	0.8
Facilities and infrastructure	18 903.6	15 992.4	2 911.2
Ground transportation	6 670.6	1 942.1	4 728.5
Air transportation	27 916.7	17 745.7	10 171.0
Naval transportation	-	-	-
Communications	9 067.4	7 505.2	1 562.2
Information technology	3 606.4	1 052.1	2 554.3
Medical	5 323.4	3 804.6	1 518.8
Special equipment	1 901.2	1 756.0	145.2
Miscellaneous supplies, services and equipment	18 687.9	8 263.2	10 424.7
Quick-impact projects	-	-	-
Subtotal, line 3	**92 889.0**	**58 872.3**	**34 016.7**
Gross requirements	**220 830.2**	**165 562.4**	**55 267.8**
Staff assessment income	4 015.4	2 511.3	1 504.1
Net requirements	**216 814.8**	**163 051.1**	**53 763.7**
Voluntary contributions in kind (budgeted)	-	-	-
Total requirements	**220 830.2**	**165 562.4**	**55 267.8**

Annex II

Support provided to contingents by the United Nations Mission in Ethiopia and Eritrea

Category	*Contingent*	*Particulars*	*Remarks*
Catering	India	Refrigerators	Seven (7) to be deducted from reimbursement
	Jordan	Refrigerators	One (1) to be deducted from reimbursement
	Kenya	Refrigerators	Four (4) to be deducted from reimbursement
	Bangladesh	Refrigerators	One (1) to be deducted from reimbursement
Support to national support element	Ireland	Food rations and potable water	To be reimbursed
	Slovakia	Food rations and potable water	To be reimbursed

Annex III

Reimbursable support provided by the United Nations Mission in Ethiopia and Eritrea to the Boundary Commission

Total reimbursements by the Boundary Commission, by section, for the period from 1 December 2001 through 31 December 2002

(United States dollars)

Air operations	696 454.91
Transport	6 321.23
Engineering	44 379.40
Electronic data-processing	28 142.50
Communications	1 371.76
Supply	21 056.65
Total	**797 726.45**

Annex IV

Downsizing of the United Nations Mission in Ethiopia and Eritrea

The mandate of the United Nations Mission in Ethiopia and Eritrea (UNMEE) is linked to the completion of the delimitation and demarcation process, which is the sole responsibility of the Boundary Commission. UNMEE has no control over the demarcation process beyond offering some measure of administrative and logistical support to it.

The completion of delimitation was delayed on more than one occasion in 2001. Similarly, the original demarcation schedule, which was to have been completed by May 2003, has had to be adjusted several times since then. The current completion estimate is November 2003. This is based on a technical estimate, by the surveyors of the Boundary Commission, on the number of months that would be needed to plant the pillars.

The schedule does not reflect the possibility of further procedural or political disagreements between the parties, such as those that have characterized the process for the past 11 months since the delimitation decision of April 2002. In the meantime, UNMEE must continue to discharge the full extent of its monitoring mandate and cannot begin to downsize until certain that the process of demarcation is nearing completion. To date, the process has not yet even begun.

Annex V

United Nations Mission in Ethiopia and Eritrea: equipment requirements for the period from 1 July 2003 to 30 June 2004

(Thousands of United States dollars)

Category	*Inventory*[a]	*Approved*[b]	*Additional*[c]	*Replacement*[d]	*Number*[e]	*Amount*[f]
Facilities and infrastructure						
Acquisition of equipment						
Security equipment	88	126	-	81	81	15.4
Subtotal	**88**	**126**	**-**	**81**	**81**	**15.4**
Ground transportation						
Workshop equipment						
Heavy equipment	-	-	11	-	11	129.7
Miscellaneous tools	-	-	-	-	-	39.7
Subtotal	**-**	**-**	**11**	**-**	**11**	**169.4**
Communications						
Equipment						
Radio equipment	2 293	544	-	17	17	212.2
Satellite equipment	604	51	-	53	53	349.6
Telephone equipment	390	-	-	144	144	283.5
Tools and equipment	324	26	1	74	75	157.0
Subtotal	**3 611**	**621**	**1**	**288**	**289**	**1 002.3**
Information technology						
Electronic data-processing equipment						
Desktop computers	872	174	-	132	132	235.7
Laptop computers	188	-	-	-	-	-
Printers	630	137	-	134	134	136.6
Servers	64	21	-	16	16	243.8
Tools and equipment	320	253	22	182	204	492.5
Subtotal	**2 074**	**585**	**22**	**464**	**486**	**1 108.6**
General supplies, services and equipment						
Miscellaneous equipment						
Office furniture	6 124	135	-	-	-	-
Office equipment	125	6	-	-	-	-
Accommodation equipment	714	95	-	-	-	-
Fuel tanks and pumps	194	-	-	-	-	-
Pre-fabricated buildings	790	360	-	-	-	-
Generators	140	13	-	-	-	-
Water and septic tanks	3	-	-	-	-	-
Other miscellaneous equipment	827	34	-	216	216	24.2
Subtotal	**8 917**	**643**	**-**	**216**	**216**	**24.2**

Category	*Inventory*[a]	*Approved*[b]	*Additional*[c]	*Replacement*	*Number*	*Amount*[d]
Mine detection and mine-clearing equipment						
Mine detection and mine-clearing equipment	39	332	-	380	380	86.3
Subtotal	**39**	**332**	**-**	**380**	**380**	**86.3**
Observation equipment						
Binoculars	132	14	-	13	13	6.3
Night vision devices	25	5	-	4	4	20.5
Subtotal	**157**	**19**	**-**	**17**	**17**	**26.8**
Total						**2 433.0**

[a] Inventory as at 30 June 2002.
[b] Approved 2002/03.
[c] 2003/04.
[d] Total costs inclusive of freight charges.

Annex VI

United Nations Mission in Ethiopia and Eritrea: Replacement of satellite equipment

The replacement of 53 pieces of satellite equipment was requested during 2003-2004; replacement was requested due to wear and tear and in conformity with the standard 15 per cent replacement procedure. The details of the satellite equipment are shown below:

UNMEE 2003-2004: Satellite equipment

(United States dollars)

Description	*Unit price*	*Quantity*	*Cost*
Global positioning system receivers	400	15	6 000
Satellite modems	6 000	8	48 000
Satellite RF transceivers	20 000	6	120 000
Satellite RF switches	3 000	4	12 000
Low noise amplifier switches	2 500	4	10 000
Low noise amplifiers	3 000	7	21 000
DAMA low density chassis	16 000	3	48 000
INMARSAT "M4" terminal	7 000	3	21 000
Access concentrators/routers	6 000	3	18 000
Subtotal		**53**	**304 000**
Freight			45 600
Total			**349 600**

Annex VII

Public information activities

UNMEE 2003-2004: Public information activities*

(Thousands of United States dollars)

Civilian personnel	
International staff	
International staff salaries	499.0
Staff assessment	202.9
Common staff costs	246.2
Mission subsistence allowance	316.4
Subtotal	**1 264.5**
National staff	
National staff salaries	60.5
Staff assessment	14.0
Common staff costs	19.4
Subtotal	**94.0**
United Nations volunteers	
United Nations volunteers	315.4
Subtotal	**315.4**
Total civilian personnel	**1 673.8**
Operational requirements	
Equipment	59.1
Supplies	101.9
Contractual services	459.0
Total operational requirements	**620.0**
Grand total	**2 293.8**

* Includes radio programmes.